

AMENDED IN SENATE MAY 24, 2013

AMENDED IN SENATE APRIL 18, 2013

SENATE BILL

No. 594

Introduced by Senator Steinberg

February 22, 2013

An act to add Part 38 (commencing with Section 64200) to Division 4 of Title 2 of the Education Code, and to add Sections 17057.6 and 23610.6 to the Revenue and Taxation Code, relating to education.

LEGISLATIVE COUNSEL'S DIGEST

SB 594, as amended, Steinberg. California Career Pathways Investment.

The Personal Income Tax Law and The Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill, in accordance with legislative findings contained in this bill and for calendar years beginning on or after January 1, 2014, would, for a business entity, as described, that provides career technical education, authorize a credit against those taxes, subject to specified limitations, in an amount equal to that allocated by the California Career Pathways State Investment Committee, a committee established by this bill. This bill would ~~require each school district~~ *establish in each local educational agency* and community college district ~~to create a Career Pathways Investment Trust Fund, the funds moneys~~ in which would be used for ~~the~~ purposes of financing program and administrative costs relating to the operation of career pathways programs, as provided.

This bill would impose specified duties on school districts with regard to career pathways programs.

Existing law authorizes the governing board of a community college district to establish contract education programs within or outside the

state by agreement with any public or private agency, corporation, association, or any other person or body, to provide specific educational programs or training to meet the specific needs of these bodies. Existing law authorizes the governing board of any school district to initiate and carry on any program or activity, or ~~may to~~ otherwise act in any manner that is not in conflict with or inconsistent with, or preempted by, any law and that is not in conflict with the purposes for which school districts are established.

This bill would, among other things, authorize the California Career Pathways State Investment Committee and a ~~business entity school district or districts, or a community college district or districts,~~ to enter into ~~Workforce Development Bonds, as defined, in accordance with applicable laws, a pay-for-performance contract for a career pathways pay-for-performance pilot project~~ to fund career pathways programs operated by the ~~business entity and a school district, community college district, or a consortium of school districts and community college districts.~~ The bill would authorize a local educational agency or community college district to issue lease revenue bonds, as specified, or enter into loan or lease agreements, to finance the operation of career pathways programs ~~districts, and under which a business entity partner may be compensated for its costs.~~

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement shall be made pursuant to these statutory provisions for costs mandated by the state pursuant to this act, but would recognize that local agencies and school districts may pursue any available remedies to seek reimbursement for these costs.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature to appropriate
- 2 two hundred fifty million dollars (\$250,000,000) from the General
- 3 Fund in the 2013–14 fiscal year to the Career Pathways State
- 4 Revolving Fund. The source of funds for that appropriation may
- 5 include state apportionments for purposes of Section 8 of Article
- 6 XVI of the California Constitution and offsetting budget savings

1 derived from reforms to the Enterprise Zone Act (Chapter 12.8
2 (commencing with Section 7070) of Division 7 of Title 1 of the
3 Government Code) and the New Jobs Tax Credit.

4 SEC. 2. Part 38 (commencing with Section 64200) is added to
5 Division 4 of Title 2 of the Education Code, to read:

6
7 **PART 38. CAREER PATHWAYS INVESTMENT CREDIT**
8 **AND TRUST FUND**
9

10 64200. (a) The Legislature finds and declares the following:

11 (1) After five years of deep recession and high rates of
12 unemployment, the California economy has begun to recover.

13 (2) One of the most important actions California can take to
14 hasten that recovery is to invest in the development of a skilled
15 workforce to perform well-paying jobs in growing and emerging
16 sectors of its regional economies.

17 (3) The fastest-growing occupations are expected to be those
18 that require scientific, technical, engineering, or mathematics
19 (STEM) skills, such as jobs in biotechnology, digital media arts,
20 agricultural technology, green technology, or computer-related
21 and health-related fields.

22 (4) California's systems of public education, which includes
23 primary and secondary schools, technical training, apprenticeship,
24 two-year and four-year colleges, and graduate schools, play a
25 critical role in workforce preparation, one that could be
26 significantly strengthened by a tighter focus on education and
27 training that delivers the skills and capacities most called for in
28 high-opportunity sectors.

29 (5) This kind of workforce preparation is best accomplished in
30 concert with regional business and industry, so that students receive
31 the most current and relevant education that prepares them to
32 compete for good jobs in their communities after graduation from
33 high school or postsecondary education and training.

34 (6) Work-based educational and training opportunities enhance
35 the employment prospects of low- and moderate-income
36 individuals and contribute to the stability and economic
37 development of their communities.

38 (b) It is the intent of the Legislature that federal bank regulators,
39 specifically, the Federal Reserve bank, the Office of the
40 Comptroller of the Currency, the Federal Deposit Insurance

1 Corporation, and the Office of Thrift Supervision, give credit to
2 federally insured banks and thrifts on their compliance ~~exams~~
3 *examinations* under the federal Community Reinvestment Act of
4 1977 (Public Law 95-128) for grants, investments, and loans to
5 educational institutions, nonprofit organizations, and businesses
6 in support of career pathways programs.

7 (c) It is the intent of the Legislature to establish state fiscal
8 incentives, such as ~~Workforce Development Bonds, grants, loans,~~
9 *pay-for-performance contracts, grants,* and tax credits, that
10 encourage California businesses and industry to enter into
11 partnerships with schools and community colleges that strengthen
12 the nature and quality of education provided by those institutions.
13 These partnerships will connect high school pupils and teachers,
14 and college students and faculty, to real-world experience that
15 provides sustained exposure to applied academics, skill
16 development, work-related experience, and potential future
17 employment. This experience will keep students on track to
18 graduation, further education, and productive careers.

19 (d) The dissolution of redevelopment agencies will increase
20 property tax revenues to K–14 school districts and community
21 college districts, including the one-time distribution of
22 redevelopment agency cash assets expected to occur in the 2012–13
23 and 2013–14 fiscal years. It is the intent of the Legislature that
24 school districts and community college districts capitalize the
25 Career Pathways *Investment* Trust Funds established pursuant to
26 this act for purposes of ~~funding grants and loans to businesses and~~
27 ~~offsetting administrative costs of the program~~ *financing program*
28 *and administrative costs relating to the operation of career*
29 *pathways programs.*

30 64201. For the purposes of this part:

31 (a) “Applicant” means a business entity that enters into a
32 contract or memorandum of understanding with a local educational
33 agency, community college, or workforce investment board to
34 provide career technical education that connects pupils to
35 real-world experience and provides sustained exposure to applied
36 academics, skill development, work-related education, and potential
37 future employment, and that applies to the committee for ~~state~~
38 ~~financial assistance, including Workforce Development Bonds~~
39 ~~and the career pathways investment credit.~~

1 ~~(b) “Authentic application” means an activity in the context of~~
2 ~~a middle, high school, or community college course that requires~~
3 ~~pupils to work actively with academic and technical concepts,~~
4 ~~facts, and skills in a realistic, work-like setting that emulates the~~
5 ~~problems encountered by professionals and the practices they use~~
6 ~~to address them. These applications typically require pupils to~~
7 ~~examine a task from a variety of perspectives, to draw upon~~
8 ~~multiple resources, to collaborate with others, and to accomplish~~
9 ~~tasks and projects by working in teams rather than individually.~~

10 ~~(e)~~

11 (b) “Budget” means an estimate of all qualified expenditures to
12 be paid or incurred in providing the career pathways program over
13 the period for which the applicant is applying for the career
14 pathways investment credit.

15 (c) “*Career Pathways Investment Trust Fund*” means a fund
16 established in each local educational agency and community
17 college district for the purpose of financing program and
18 administrative costs relating to the operation of career pathways
19 programs.

20 (d) “*Career pathways pay-for-performance pilot project*” means
21 a career pathways program approved for funding by the committee
22 under a pay-for-performance contract between the committee and
23 the school district or districts or community college district or
24 districts. The pay-for-performance contract shall specify the
25 accountability and performance measurements that determine the
26 extent to which a business entity partnering with the school districts
27 or districts or community college district or districts may be
28 compensated for its costs. The amount of compensation shall vary
29 in accordance with demonstrated performance. Performance
30 measures shall include all of the following:

31 (1) *Demonstrated improvement in academic performance.*

32 (2) *Demonstrated improvement in postsecondary enrollment.*

33 (3) *Decreased dropout rates.*

34 (4) *Demonstrated improvement in transitions to appropriate*
35 *employment, apprenticeships, or any other job training school, if*
36 *applicable.*

37 (5) *Measurements of pupil, parent, and employer satisfaction.*

38 ~~(d)~~

39 (e) “Career pathways programs” means programs that support
40 the following:

(1) Integrated academic and technical learning that prepares pupils for both postsecondary education and careers in high-growth or high-need sectors of the economy. These programs include core academic courses emphasizing authentic applications, sequences or clusters of three or more courses that align with the Office of the Chancellor of the California Community Colleges-approved or state board-approved career technical education standards and frameworks that also integrate key academic concepts and skills, work-based learning opportunities, and additional services like counseling or supplementary instruction in reading, writing, and mathematics. These programs may be delivered through high schools, regional occupational centers or programs, California Partnership Academies or other career academies, alternative education programs, including continuation schools and programs administered by county offices of education, adult education programs, or community colleges.

(2) Curriculum and professional development.

(3) Middle school and early high school career exploration activities.

(4) Externship and fellowship opportunities that expose middle school and high school teachers and community college faculty to the skills and competencies that pupils need for successful employment in high-growth sectors of the California economy.

(5) Active engagement by business and industry in pathway design and implementation, work-based learning, assessment of student work, and other aspects of effective preparation for success in further postsecondary education and careers.

(6) Workplace learning and educational opportunities that prepare pupils for careers in high-skilled, high-growth, and emerging employment sectors, including, but not limited to, biotechnology research and development, engineering and construction, advanced manufacturing, health sciences and nursing, environmental sciences, and agricultural technology.

(7) Programs that provide employment services and support to individuals with exceptional needs, including autistic individuals.

~~(e) “Career Pathways Investment Trust Fund” means a fund established in each local educational agency or community college district for the purpose of financing program and administrative costs relating to the operation of career pathways programs.~~

(f) “Career Pathways State Revolving Fund” means a fund established in the State Treasury for the purpose of providing state financial assistance to local educational agencies, community college districts, and business entities that have entered into agreements to implement and operate career pathways programs. State financial assistance may include ~~grants, loans, and the repayment of Workforce Development Bonds~~ grants and pay-for-performance contracts.

(g) “Committee” means the California Career Pathways State Investment Committee.

(h) “Qualified expenditures” includes the following:

(1) The costs of work-based learning specialists that convene, connect, measure, and broker partnerships between local educational agencies and business entities, including the costs of all of the following activities:

(A) Matching pupils with work-based learning opportunities, including school year or summer internships and paid employment within a career pathway.

(B) Using schoolsite mentors as liaisons between local educational agencies, business entities, parents, and community partners.

(C) Providing technical assistance to help local educational entities and business entities design comprehensive career pathways programs.

(D) Providing technical assistance to help teachers integrate school-based and work-based learning with academic and career technical subject matters.

(E) Brokering the involvement of business entities in school-based and work-based activities.

(F) Assisting pupils in finding appropriate work, continuing pupils’ education or training, and linking pupils to other community services.

(G) Evaluating outcomes to assess career pathways program success, particularly in regard to pupil subgroups.

(H) Linking existing youth development activities with employer and industry strategies to upgrade worker skills.

~~(I)~~

(2) Paid jobs or internships for high school pupils or community college students that are related to course work in a career pathway pathways program.

1 ~~(2)~~

2 (3) Support and supervision for unpaid internships or other
3 work-based learning opportunities that give pupils the opportunity
4 to connect what they are learning in high school or community
5 college to its application in the real world.

6 ~~(3)~~

7 (4) Teacher or faculty externships.

8 ~~(4)~~

9 (5) Contributions to programs administered by postsecondary
10 institutions that provide support to middle school, high school, or
11 community college career pathways programs. This support may
12 include, but shall not be limited to, teacher training, curriculum
13 development, and other forms of technical assistance.

14 ~~(5)~~

15 (6) Equipment and instructional materials, including equipment
16 and software to support technology-based instruction that provides
17 one or more of the following:

18 (A) Accelerated learning opportunities.

19 (B) Identification of skill and knowledge gaps.

20 (C) Targeted remediation to prepare pupils for college and
21 careers.

22 ~~(6)~~

23 (7) Employees to provide instruction, in partnership with
24 credentialed teachers employed by the school district or faculty
25 employed by the community college, at the schoolsite or
26 community college campus.

27 ~~(7)~~

28 (8) Contributions to support staff who link career-pathway
29 *pathways* programs with regional business entities and assist in
30 the development of the memoranda of understanding provided in
31 subdivision (h) of Section 64204. The staff may be employed by
32 local-~~education~~ *educational* agencies, community colleges, or
33 regional intermediary organizations.

34 ~~(i) “Workforce Development Bond” means a contract between~~
35 ~~the California Career Pathways State Investment Committee and~~
36 ~~an applicant who agrees to provide capital to fund a career~~
37 ~~pathways program jointly operated by the applicant and a school~~
38 ~~district or community college district, or a consortium of school~~
39 ~~districts and community college districts. The contract shall specify~~
40 ~~that the California Career Pathways State Investment Committee~~

1 shall repay the bond if performance targets established for the
2 career pathways program are met. Financial returns to the applicant
3 may vary pursuant to the measured level of performance. Proceeds
4 from the sale of the bonds shall be disbursed by the committee to
5 the Career Pathways Investment Trust Fund for the local
6 educational agency or community college district, and may be
7 used for career pathways program operations, development of
8 rigorous and career-relevant curriculum by the applicant and the
9 school district, community college district, or consortium of school
10 districts and community college districts, paid internships,
11 post-high-school financial aid for college, licensing and
12 credentialing programs, and wage subsidies for full-time
13 employment for pupils who successfully complete a career
14 pathways program.

15 64202. (a) A local educational agency or community college
16 district may issue lease revenue bonds secured by the lease of any
17 property of the local educational agency or community college
18 district pursuant to subdivision (b), or enter into loan or lease
19 agreements not subject to Section 18 of Article XVI of the
20 California Constitution with the committee or private entities, to
21 finance the operation of career pathways programs.

22 (b) For purposes of the lease revenue bonds authorized in
23 subdivision (a), and notwithstanding any other law, a local
24 educational agency or community college district may lease any
25 property of the local educational agency or community college
26 district. The local educational agency or community college district
27 may enter into any other agreements or execute any other
28 documents necessary or desirable to carry out the purposes of this
29 subdivision.

30 (c) A local educational agency or community college district
31 may enter into contracts or agreements with banks, insurers, or
32 other financial institutions or parties that it determines are
33 necessary or desirable to improve the security and marketability
34 of, or to manage interest rates or other risks associated with, the
35 lease revenue bonds issued pursuant to this section.

36 64203. (a) A Career Pathways Investment Trust Fund is hereby
37 established in each local educational agency or *and* community
38 college district for the purpose of financing program and
39 administrative costs relating to the operation of career pathways
40 programs. The trust fund may accept revenues from any source,

1 including one-time property tax revenues resulting from the
2 dissolution of the assets of the former redevelopment agencies,
3 ~~proceeds from the sale of Workforce Development Bonds~~, other
4 tax revenues, grants, ~~loans~~, and contributions or employment
5 training funds made available through the employment training
6 panel or workforce investment boards. The trust fund shall be
7 administered by each local educational agency or community
8 college district.

9 (b) Moneys in a Career Pathways Investment Trust Fund ~~shall~~
10 *may* be used for any of the following purposes:

11 ~~(1) Qualified expenditures.~~

12 ~~(2) Administrative costs.~~

13 ~~(3) Grants, loans, and program costs associated with career~~
14 ~~pathways programs.~~

15 *(1) Career pathways program operations.*

16 *(2) Development of rigorous and career-relevant curriculum*
17 *by the applicant and the school district, community college district,*
18 *or consortium of school districts and community college districts.*

19 *(3) Paid internships.*

20 *(4) Post-high-school financial aid for college, licensing, and*
21 *credentialing programs.*

22 *(5) Wage subsidies for full-time employment for pupils who*
23 *successfully complete a career pathways program.*

24 64204. (a) The California Career Pathways State Investment
25 Committee is hereby established in state government.

26 (b) The committee shall be composed of the following members:

27 (1) The Chancellor of the California Community Colleges, or
28 his or her designee, who will serve as the chairperson of the
29 committee.

30 (2) The Superintendent or his or her designee.

31 (3) The Chair of the California Workforce Investment Board,
32 or his or her designee.

33 (4) One appointee of the Senate Committee on Rules, who shall
34 represent the business community and will serve a four-year term.

35 (5) One appointee of the Speaker of the Assembly, who will
36 serve a four-year term.

37 (c) The committee is granted the sole authority to allocate to
38 local educational agencies, community college districts, and
39 applicants moneys appropriated to the Career Pathways State
40 Revolving Fund for state financial assistance, including ~~grants~~;

1 ~~loans, grants and the repayment payment of Workforce~~
2 ~~Development Bonds issued pay-for-performance contracts entered~~
3 ~~into~~ by the committee as part of a career pathways
4 ~~pay-for-performance pilot project.~~ The committee is also granted
5 the sole authority to allocate to applicants the Career Pathways
6 Investment Credits authorized pursuant to Section 64206.

7 (d) The committee shall establish criteria and guidelines for
8 evaluating applications for state financial assistance, including
9 requirements for commitments of financial or other resources by
10 applicants or a local educational agency, community college
11 district, or workforce investment board. The committee shall give
12 priority in allocating state financial assistance to the following:

13 (1) *Proposals that would fund a work-based learning specialist*
14 *to convene, connect, measure, and broker efforts to establish or*
15 *enhance a locally defined career pathways program that provides*
16 *connections between local educational agencies and business*
17 *entities.*

18 ~~(1)~~

19 (2) Local educational agencies and community college districts
20 that have an unemployment rate higher than the statewide average
21 unemployment rate for the most recent calendar year, as determined
22 by the Employment Development Department, or a high school
23 graduation rate lower than the statewide high school graduation
24 rate for the most recent calendar year, as determined by the
25 committee using the California Longitudinal Pupil Achievement
26 Data System.

27 ~~(2)~~

28 (3) Local educational agencies and community college districts
29 that include in their application a significant amount of private
30 funding support from their business partners.

31 ~~(3)~~

32 (4) Local educational agencies and community college districts
33 that include in their application articulated pathways connecting
34 high school and postsecondary certificate and degree programs in
35 their region.

36 ~~(4)~~

37 (5) Local educational agencies and community college districts
38 that are not seeking state financial assistance for existing activities.
39 However, priority in allocating state financial assistance shall be

1 given to applicants that seek to expand or augment existing
2 investments in career pathways programs.

3 ~~(e) The committee may allocate the proceeds from the sale of~~
4 ~~Workforce Development Bonds to applicants that have entered~~
5 ~~into memoranda of understanding with a local educational agency~~
6 ~~or community college district to fund career pathways programs.~~

7 ~~(f)~~

8 (e) The committee shall develop performance criteria for
9 determining the financial returns to private entities ~~investing in~~
10 ~~Workforce Development Bonds participating in a career pathways~~
11 ~~pay-for-performance pilot project. The performance-based~~
12 ~~compensation to be paid to private entities by educational agency~~
13 ~~participants for each pay-for-performance contract shall be~~
14 ~~specified in the contract.~~ The performance criteria shall include,
15 but are not limited to, high school pupil and community college
16 student achievement and opportunity in the following areas:

17 (1) High school graduation.

18 (2) Completion of postsecondary programs that culminate in a
19 certificate or degree.

20 (3) Attainment of industry-recognized credentials that are valued
21 in high-growth, high-need, or emerging economic sectors.

22 (4) Provision of internships to high school pupils and community
23 college students.

24 (5) Provision of paid summer jobs for high school pupils and
25 community college students.

26 (6) Provision of externships for high school teachers and
27 community college faculty.

28 (7) Provision of scholarships or other financial assistance for
29 students pursuing postsecondary education or training in a relevant
30 career pathway.

31 (8) Offer of paid employment or apprenticeship to high school
32 pupils or community college students who are participants or
33 graduates of a career pathways program.

34 (f) *The committee may spend up to ten million dollars*
35 *(\$10,000,000) of the amount appropriated to the California Career*
36 *Pathways State Revolving Fund for the career pathways*
37 *pay-for-performance pilot project.*

38 (g) The committee may prepare forms, establish procedures,
39 set priorities, assess, and perform other administrative functions
40 as necessary.

1 (h) The Superintendent, the Chancellor of the Community
2 Colleges, and the California Workforce Investment Board shall
3 enter into a memorandum of understanding to allocate staff
4 resources to the committee. The costs to these entities shall be
5 offset by fees charged to applicants for Career Pathways Tax
6 Credits.

7 64205. (a) There is hereby created in the State Treasury the
8 California Career Pathways State Revolving Fund for the purpose
9 of providing financial assistance to local educational agencies,
10 community college districts, and business entities that have entered
11 into agreements to implement and operate career pathways
12 programs. Within the fund there shall also be established a Career
13 Pathways Financing Account, a Career Pathways Grant Account,
14 ~~a Career Pathways Loan Account~~, and additional accounts and
15 subaccounts that the committee may establish from time to time.

16 (b) Moneys in the Career Pathways Financing Account shall be
17 used to ~~repay Workforce Development Bonds issued by the~~
18 ~~committee~~, *pay pay-for-performance contracts entered into by the*
19 *committee as part of a career pathways pay-for-performance pilot*
20 *project*, or other ~~bonds or~~ financing agreements entered into by
21 the committee.

22 (c) Moneys in the Career Pathways Grant Account shall be used
23 to award grants from the committee to local educational agencies
24 and community college districts.

25 ~~(d) Moneys in the Career Pathways Loan Account shall be used~~
26 ~~to make loans from the committee to local educational agencies~~
27 ~~and community college districts.~~

28 (e)

29 (d) Notwithstanding Section 13340 of the Government Code,
30 all moneys in the Career Pathways State Revolving Fund shall be
31 continuously appropriated without regard to fiscal year for the
32 support of the committee and for expenditure for the purposes
33 stated in this part.

34 (f)

35 (e) All expenses incurred in carrying out the purposes of this
36 part shall be payable solely from funds provided pursuant to this
37 part, and no liability or obligation shall be imposed upon the state
38 and none shall be incurred by the committee beyond the extent to
39 which money shall have been provided pursuant to this part.

1 64206. For calendar years beginning on or after January 1,
2 2014, the committee shall allocate the ~~Career Pathways Investment~~
3 ~~Credit~~ *career pathways investment credit* in an amount authorized
4 in the Budget Act for that calendar year. For purposes of this
5 section, the committee shall do all of the following:

6 (a) Allocate the career pathways investment credit for up to five
7 calendar years for each application the committee approves, as
8 long as the amount allocated does not exceed the amount authorized
9 in the Budget Act.

10 (b) (1) Give priority in allocating tax credits to the following:

11 (A) Applicants that have entered into a contract or memorandum
12 of understanding with local educational agencies, community
13 colleges, or workforce investment boards, *as specified in*
14 *subdivision (a) of Section 64201*, in communities that have an
15 unemployment rate higher than the statewide unemployment rate,
16 as determined by the United States Census, and a high school
17 graduation rate lower than the statewide high school graduation
18 rate, as determined by the committee using the California
19 Longitudinal Pupil Achievement Data System.

20 (B) Applicants that have entered into a contract or memorandum
21 of understanding with local educational agencies, community
22 colleges, or workforce investment boards with ~~proportions of~~
23 ~~private funding support that exceed the one-to-one match~~
24 ~~requirement described in paragraph (1) of subdivision (c) an~~
25 ~~applicant financial commitment that exceeds the commitment of~~
26 ~~public funds.~~

27 (C) Applicants that have entered into a contract or memorandum
28 of understanding with local educational agencies or community
29 colleges that offer articulated pathways connecting high school
30 and postsecondary certificate and degree programs in their region.

31 (D) Applicants that are not seeking tax credits for existing
32 activities. However, priority shall be given to applicants that seek
33 to expand or augment existing investments in ~~career-pathway~~
34 ~~pathways~~ programs.

35 (2) To the maximum extent practicable, subject to paragraph
36 (1), give priority in allocating career pathways investment credits
37 to applicants that seek to expand or augment existing investments
38 in ~~career-pathway~~ *pathways* programs.

1 (3) The committee shall not give priority to any applicant by
2 virtue of the date of submission of its application, except to allocate
3 credits where two or more applicants have the same rating.

4 (c) An applicant shall enter into an enforceable contract or
5 memorandum of understanding with the committee to comply with
6 the requirements of this part, Sections 17057.6 and 23610.6 of the
7 Revenue and Taxation Code, any applicable state laws, and any
8 additional requirements the department deems necessary or
9 appropriate to serve the purposes of this part. The contract or
10 memorandum of understanding shall also provide for legal action
11 to obtain specific performance or monetary damages for breach
12 of contract and shall require regular programmatic audits.

13 (d) ~~Adopt criteria rules that awards~~ *award* credits to applicants
14 that demonstrate that either the applicant or the local educational
15 agency, community college, or workforce investment board ~~meets~~
16 *with which it has entered into a memorandum of understanding*
17 *pursuant to this part performed well in regard to* the following
18 criteria:

19 (1) The effectiveness of the career ~~pathway~~ *pathways* program
20 toward preparing students for productive, high-wage employment
21 in growing or high-need sectors of the California economy.
22 Effectiveness criteria shall include:

23 (A) Pathway completion rates.

24 (B) High school graduation rates or community college
25 completion rates, as appropriate.

26 (C) Percentages of students attaining an industry certification.

27 (D) Percentages of students transitioning successfully to
28 postsecondary education or apprenticeship.

29 (E) Employment and earnings after high school.

30 (2) The level of the applicant's investment in, oversight of, and
31 ability to leverage and sustain current career pathways programs
32 and current career technical education programs.

33 (e) Develop and provide forms for the purposes of informing
34 potential applicants of the purposes of this part.

35 (f) The amount of the credit reserved for a calendar year shall
36 not exceed 50 percent of the qualified expenditures estimated by
37 the applicant for the calendar year.

38 (g) The committee shall report to the Franchise Tax Board, once
39 each year, the identity of the qualified taxpayers for whom the
40 career pathways *investment* credits are allocated each year.

1 (h) The committee may, in its discretion, consult with the
2 Treasurer and the California Tax Credit Allocation Committee
3 regarding the allocation of tax credits. If a request for consultation
4 is made, the Treasurer and the California Tax Credit Allocation
5 Committee shall aid the committee.

6 (i) Establish audit requirements. The committee may share
7 information established during an audit with the Franchise Tax
8 Board.

9 (j) It is the intent of the Legislature, subsequent to the enactment
10 of the act adding this section, to reduce the statutory cap on the
11 authorization for the new jobs tax credit enacted by Chapter 17 of
12 the Statutes of 2009, Third Extraordinary Session, from four
13 hundred million dollars (\$400,000,000) to three hundred million
14 dollars (\$300,000,000) and to authorize one hundred million dollars
15 (\$100,000,000) for the Career Pathways Investment Credit,
16 effective January 1, 2014.

17 SEC. 3. Section 17057.6 is added to the Revenue and Taxation
18 Code, to read:

19 17057.6. (a) For each taxable year beginning on or after
20 January 1, 2014, there shall be allowed to a qualified taxpayer as
21 a credit against the “net tax,” as defined in Section 17039, an
22 amount equal to that allocated to a qualified taxpayer by the
23 California Career Pathways Investment Committee pursuant to
24 Section 64206 of the Education Code.

25 (b) For purposes of this section a “qualified taxpayer” means
26 an applicant, as defined in Section 64201 of the Education Code,
27 who is either the sole owner if an individual, partners if the
28 taxpayer is a partnership, or shareholders if the taxpayer is an “S”
29 corporation, and who was awarded an allocation of the career
30 pathways investment credit by the California Career Pathways
31 Investment Committee.

32 (c) In the case where the credit allowed under this section
33 exceeds the “net tax,” the excess credit may be carried over to
34 reduce the “net tax” in the following taxable year, and succeeding
35 taxable years, if necessary, until the credit has been exhausted.

36 (d) If a qualified taxpayer fails to comply with the requirements
37 of this section or with Part 38 (commencing with Section 64200)
38 of Division 4 of Title 2 of the Education Code, the credit shall be
39 disallowed and assessed and collected under Section 19051 until
40 the requirements are satisfied.

1 SEC. 4. Section 23610.6 is added to the Revenue and Taxation
2 Code, to read:

3 23610.6. (a) For each taxable year beginning on or after
4 January 1, 2014, there shall be allowed to a qualified taxpayer as
5 a credit against the “tax,” as defined in Section 23036, an amount
6 equal to that allocated to a qualified taxpayer by the California
7 Career Pathways Investment Committee pursuant to Section 64206
8 of the Education Code.

9 (b) For purposes of this section a “qualified taxpayer” means
10 an applicant, as defined in Section 64201 of the Education Code,
11 that is subject to the taxes imposed by this part.

12 (c) In the case where the credit allowed under this section
13 exceeds the “tax,” the excess credit may be carried over to reduce
14 the “tax” in the following taxable year, and succeeding taxable
15 years, if necessary, until the credit has been exhausted.

16 (d) If a qualified taxpayer fails to comply with the requirements
17 of this section or with Part 38 (commencing with Section 64200)
18 of Division 4 of Title 2 of the Education Code, the credit shall be
19 disallowed and assessed and collected under Section 19051 until
20 the requirements are satisfied.

21 SEC. 5. No reimbursement shall be made pursuant to Part 7
22 (commencing with Section 17500) of Division 4 of Title 2 of the
23 Government Code for costs mandated by the state pursuant to this
24 act. It is recognized, however, that a local agency or school district
25 may pursue any remedies to obtain reimbursement available to it
26 under Part 7 (commencing with Section 17500) and any other
27 provisions of law.

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